Senate Votes to Repeal Tax Break That Encourages Minority-Owned TV Stations

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The Senate yesterday approved House-passed legislation to repeal a tax break aimed at encouraging minority ownership of broadcast and cable television companies, virtually assuring the bill's enactment.

Opening its struggle over affirmative action programs on a low-key but resolute note, the Senate approved the measure by voice vote after a brief, dispassionate debate with only a handful of senators present when the bill passed.

The only senator to take an unequivocal position against repeal of the tax break was Carol Moseley-Braun (D-Ill.), the Senate's lone African American member, although a few others expressed some reservations.

In a sign of tensions to come within Republican ranks, Sen. William S. Cohen (R-Maine) cautioned colleagues against seeking a wholesale repeal of affirmative action programs and using the subject as a "wedge" issue in their campaigns. "We have not yet reached our ideal of a colorblind society," Cohen said.

Senate Majority Leader Robert J. Dole (R-Kan.), who has called for a review of all affirmative action programs, agreed that America is not yet colorblind but asked, "Do you become a colorblind society by dividing people by race? Do you achieve the colorblind ideal by granting preferences to people simply because they happen to belong to certain groups?"

The legislation now goes to conference with the House, which approved its version last month after a far more emotional debate over the motivations behind GOP efforts to overhaul and possibly repeal minority preference programs. Provisions dealing with the minority-ownership tax break are similar; there are relatively minor differences in other parts of the bill.

The Federal Communications Commission's minority tax certificate program, which has been in effect for 17 years, allows companies to defer paying taxes on profits from the sales of radio and TV stations and cable systems that are bought by firms that are at least partially minority-owned.

The program came under fire after entertainment giant Viacom Inc. proposed to sell its cable TV systems for $2.3 billion to a group led by a black entrepreneur. Viacom, which owns MTV and Paramount Pictures, would have been entitled to put off paying more than $400 million in taxes. Both House and Senate bills make their repeal provisions retroactive to Jan. 17, preventing Viacom from receiving the tax benefit.

Repeal of the tax break was contained in legislation restoring a 25 percent tax deduction for self-employed people who buy their own health insurance. Revenues saved by repeal of the broadcast tax break would be used to offset costs of the health insurance deduction, which would rise to 30 percent starting in the 1995 tax year.

The health care provision lapsed at the end of 1993, and Congress is rushing to restore it so taxpayers can claim the deductions before filing their federal income tax returns next month.

In arguments over the broadcast tax break, Sen. Bob Packwood (R-Ore.) said that while minorities have had difficulty getting access to capital, there is no evidence of discrimination in selling of stations.

Moseley-Braun disagreed, arguing that discrimination prevailed through the period when most of the broadcast spectrum was filled and that, even now, minorities and women control only a tiny fraction of broadcast outlets. She pledged to continue fighting to save the program.

Dole, who is running for the GOP presidential nomination, took a slap at what he described as President Clinton's search for new approaches to the issue of affirmative action. "I suspect he's going to run into a dead end," Dole said. "When it comes to the issue of group preferences, you are either for them or against them. There can be no splitting the difference, no 'third way.' "